

Message Text

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ACTION EUR-12

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DODE-00 PM-03 H-01 L-02 NSC-05 PA-01 PRS-01 SP-02

SS-15 SAM-01 IO-10 OMB-01 TRSE-00 /074 W

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FM AMEMBASSY MADRID

TO SECSTATE WASHDC IMMEDIATE 1150

INFO AMEMBASSY LISBON

C O N F I D E N T I A L MADRID 1329

E.O. 11652: GDS

TAGS: ELAB, PINT, SP

SUBJ: RUMORS OF RESIGNATION OF LABOR MINISTER

AND POSSIBLE CABINET RESHUFFLE

BEGIN SUMMARY: RUMORS RE RESIGNATION OF LABOR MINISTER
AND POSSIBLE OTHER CHANGES IN CABINET CIRCULATING WITH
INTENSITY TODAY, BUT THERE IS YET NO CONFIRMATION. END
SUMMARY

1. TODAY'S "YA" CONTAINED ARTICLE REFERRING TO RUMORS
OF RESIGNATION OF LABOR MINISTER LICINEO DE LA BUENTE,
AND POSSIBILITY OTHER CABINET CHANGES ALSO MIGHT BE
IMMINENT.

2. RUMORS HAVE CONTINUED THROUGHOUT DAY, WITH PARTICULARLY
INSISTENT RUMOR THAT DE LA FUENTE PRESENTED HIS RESIGNATION
TO PRIME MINISTER ARIAS YESTERDAY ALTHOUGH, IF TRUE,
RESIGNATION HAS NOT YET BEEN OFFICIALLY ACCEPTED. AT LABOR
MINISTRY ITSELF, RUMORS TO THIS EFFECT ALSO
CIRCULATING, BUT NO ONE IN LABOR MINISTRY ABLE GIVE
CONFIRMATION, DESPITE REPORT LABOR MINISTER DID NOT SHOW
UP FOR WORK TODAY.

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3. WHAT, AT MINIMUM, APPEARS TRUE, IS THAT THERE HAS BEEN

HIGH-LEVEL ROW IN CABINET, STEMMING FROM LAST FRIDAY'S CABINET MEETING, AT CENTER OF WHICH IS LABOR MINISTER DE LA FUENTE. REPORTEDLY DE LA FUENTE, BECAME GREATLY ANGERED BECAUSE (A) HE WAS UNABLE TO GET APPROVED BY CABINET DRAFT DECREE GRANTING MODIFIED RIGHT TO STRIKE, AND (B) BECAUSE FINANCE MINISTER CABELLO DE ALBA WANTED TO EXTEND SCOPE OF A PROPOSED DRAFT LAW ON ACCOUNTABILITY TO SPANISH SOCIAL SECURITY INSTITUTE, A SEMI-AUTONOMOUS AGENCY OF LABOR MINISTRY. LATTER SUBJECT WAS PARTICULARLY SENSITIVE ONE FOR DE LA FUENTE, BECAUSE SOCIAL SECURITY INSTITUTE HAS ALWAYS OPERATED WITH A SUBSTANTIAL DEGREE OF FISCAL AUTONOMY UNDER GENERAL SUPERVISION OF LABOR MINISTRY, AND HAS NOT BEEN SUBJECT TO SAME KIND OF CENTRAL ACCOUNTING SCRUTINY EXERCISED OVER MOST OTHER GOVT ACTIVITIES. THUS FINANCE MINISTER'S REPORTED ATTEMPT TO BRING SOCIAL SECURITY INSTITUTE UNDER SCRUTINY OF FINANCE MINISTRY WAS DIRECT ATTACK ON DE LA FUENTE'S OWN PREROGATIVES. ADDITIONALLY THERE ARE RUMORS OF POSSIBLE POTENTIAL SCANDAL INVOLVED, INASMUCH IT HAS OFTEN BEEN RUMORED POWERFUL SOCIAL SECURITY INSTITUTE WITH ITS SUBSTANTIAL FINANCIAL ASSETS, HAS GREAT POTENTIAL FOR GOVT CORRUPTION, OR AT LEAST SUBSTANTIAL MISUSE OF GOVT FUNDS.

4. THERE ALSO RUMORS THAT, IF LABOR MINISTER'S RESIGNATION IS CONFIRMED, OTHER GOVT MINISTERS WILL ALSO BE CHANGED. MOST LIKELY OTHER MINISTERS WHO IT RUMORED MIGHT BE REMOVED, INCLUDE SYNDICAL MINISTER FERNANDEZ SORDO, FINANCE MINISTER CABELLO DE ALBA HIMSELF, AND JUSTICE MINISTER RUIZ JARABO. THERE EVEN SOME RUMORS THAT ANY POSSIBLE GOVT CHANGE MIGHT BE VERY EXTENSIVE INVOLVING AS MANY AS HALF OF CABINET.

5. RE MOST INSISTENT RUMOR, THAT VETERAN CABINET MINISTER DE LA FUENTE HAS SUBMITTED HIS RESIGNATION, REPORTS ARE STARTING TO CIRCULATE ABOUT POSSIBLE REPLACEMENTS FOR HIM, AMONG WHICH IS NAME OF MOVIMEINTO MINISTER AND GOVT HARD-LINER JOSE UTRERA MOLINA AS POSSIBLE NEW LABOR MINISTER (FROM 1970-73 UTRERA WAS UNDERSECRETARY OF LABOR UNDER DE LA FUENTE).

6. COMMENT: SITUATION STILL UNCLEAR. IF RUMORS TRUE,
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MOST PROBABLE PERSON TO LEAVE CABINET WOULD BE LABOR MINISTER DE LA FUENTE, WHO ACCORDING SOME REPORTS, WISHES FORCE CABINET RESHUFFLE BY HIS RUMORED RESIGNATION. SUCH A CABINET CHANGE WOULD COME AT BAD TIME FOR PRES ARIAS, PARTICULARLY IN VIEW HIS LONG-AWAITED MAJOR SPEECH TOMORROW. ACCORDING MOST FREQUENT SPECULATION, ARIAS MAY REFUSE TO ACCEPT RUMORED RESIGNATION OF DE LA FUENTE AND OTHERS, IF IN FACT THEY

HAVE RESIGNED, UNTIL END OF WEEK AFTER HE HAS MADE HIS
SPEECH.
EATON

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